

# IMPACT

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## The impact of agriculture on the economy of the Magic Valley

### The Situation

Irrigation has transformed the Magic Valley including Cassia, Lincoln, Minidoka, Gooding, Jerome, and Twin Falls counties into the epicenter of Idaho's agribusiness industry. The Eastern Snake Plains Aquifer supplies much of the groundwater for the Magic Valley. Over allocation, drought, conversion from flood to pivot sprinklers, urban growth, among other reasons have led to a continual decline of the aquifer.

Lawmakers and county decision makers must make decisions about the aquifer, water laws, and regional economies, and those decisions will have permanent significance for the people that live in the Magic Valley. Extension educators in Jerome and Cassia Counties were asked to update economic data for the Middle Snake River Water Resource Commission's Coordinated Water Resource Management Plan. The Plan is used by the counties of the Magic Valley to guide decisions and policies related to water quantity and quality. The Plan is also used to educate lawmakers on the value of water used for irrigation and how decisions on curtailment, recharge, and Idaho water laws may affect the citizens of Idaho.

### Our Response

Secondary IMPLAN data of the Magic Valley economy was purchased and adjusted with primary data to reflect the economic situation in the Magic Valley. The updated accounting data was imported into the Excel-based Automated Social Account Matrix (ASAM) software developed by University of Idaho Extension faculty. The ASAM software converts complex economic data into dollar values that show the flow of money throughout various sectors of an economy. The ASAM software calculates economic activity, jobs, and value added multipliers by single or aggregated sectors for the entire economy.



One of several dairy processing facilities located in the Magic Valley. Dairy processing in the Magic Valley generates base sales totaling 4.1 billion dollars.

Using the data, Extension educators updated the Coordinated Water Resource Management Plan for the Middle Snake Regional Water Resource Commission. Educators created a poster and brochure highlighting the key components of the Magic Valley Economy.

### Program Outcomes

Agriculture is a powerful force in the regional economy because of the processing industries and the many linkages between the processing facilities and farms. The ability to add value to milk, sugar beets, potatoes, fish, sweet corn, and peas gives the Magic Valley a major benefit of value added exportable products. No other single industry comes close to this magnitude of supporting the overall economy of the Magic Valley. In the Magic Valley economy, almost 2 of every 3 dollars in sales are generated directly or indirectly by agribusiness and 1 of every 3 jobs is directly or indirectly generated by agribusiness. Agribusiness generates 60% of the export sales or new

money that enters the Magic Valley. Dairy processing alone accounts for 1 of every 5 dollars of sales and 1 of every 7 jobs in the Magic Valley. The six counties of the Magic Valley generate 54% of the total farm gate receipts for Idaho. The same six counties make up 9% of the land area and generate 24% of Idaho's Gross Domestic Product. Agribusiness export dollars ripple throughout the Magic Valley economy, creating indirect economic activity in many other sectors. Using base analysis, which takes into account these ripple effects, agribusiness contributed close to \$9 billion (60%) of total sales, over \$2.5 billion (45%) of the region's Gross Domestic Product, and close to 33,000 (37%) Magic Valley jobs. The dairy processing industry adds \$500 million in added value to the milk produced on the region's dairies. The \$500 million redistributes throughout the region supporting many sectors of the overall economy.

The impact of water used for irrigation in the Magic Valley is approximately \$400 per acre per year. The average impact only takes into account the farm gate value of crops produced. Processors take \$3 billion worth of crops and livestock products and add almost \$4 billion in additional value.

Decisions that affect the water quantity and availability in the Magic Valley could have enormous economic ramifications. Such decisions will affect not only the agricultural producers but potentially a majority of those in the entire region. Agriculture is the economic driver of the Magic Valley and water is the production driver of agriculture.

### **The Future**

Water and the economy associated with water will continue to be a major issue in the Magic Valley. Extension educators have created a poster and brochures to help educate the public. Extension educators will continue to work with groups and lawmakers to ensure economic information is available as they make critical decisions on water quantity and quality issues.

## **FOR MORE INFORMATION**

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